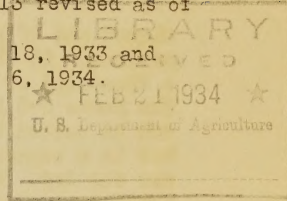


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Detail of Procedure of
October 13 revised as of

December 18, 1933 and
February 6, 1934.



DETAIL OF PROCEDURE IN CONNECTION
WITH SETTLEMENT OF COTTON OPTION
CONTRACTS

All Forms C-5 A, "Notice of Exercise of Option," received by any office of the Administration will be referred immediately to:

"COTTON OPTION OFFICE" - (Machine Room)

The office will consist of a separate room or section containing equipment and personnel, classified as follows, (the number of persons and machines depending upon the needs from time to time):

Supervisors in charge (each shift)
File Clerks and Supervisor
Machine Operators and Supervisor
General Clerical Workers and Supervisor

Card Files
Adding Machines
5 or 7-bank Tabulator
High Speed Reproducer
Multiplying Punches
Sorting Machine

The work to be done on alphabetical listers can be done on the machine already installed for use in connection with Cotton Contract Settlements.

1. The operations incident to sale and settlement are as follows:

Upon receipt of the "Notice of Exercise of Option" Forms (C-5 A) or telegrams from producers, requesting exercise of option, the receiving clerk shall stamp each with the hour and minute of receipt. Requests for sale upon a future date are to be filed in a date file according to the date when sale is requested. Those calling for sale on the current date, together with those previously filed for the current date are turned over to a clerk at an adding machine who will list the "Bales" in order to determine the quantity of cotton to be sold. This will be done from time to time throughout the day. The totals so determined will be reported to the "Cotton Pool Manager" who will arrange for the sale of the cotton. No distinction need be made between the total of C-5 A and the telegrams in reporting the figure. This report may be made by telephone and confirmed by a memorandum later. (This memorandum not as yet designed or numbered.) The Forms C-5 A, "Notice of Exercise of Option," are now examined to see that they are in a condition to pass audit, and settle; that is, they are properly

signed and if pledged, the signature of the pledgor is witnessed by two persons. At this time all pledged items are to be indicated by affixing a blue seal or sticker on the upper right-hand margin of the Form C-5 A. The Forms C-5 A, "Notice of Exercise of Option," requesting exercise will now be sorted by date of issue and the telegrams sorted in a similar manner but in a separate lot. This sorting can be done from time to time throughout the day. When a sufficient number of C-5 A's or telegrams have accumulated in a given date, they may be removed and turned over to a file clerk, who will sort them in State and County order, then each County by serial number of the contract. When they have been arranged in this manner an adding machine tape should be prepared showing total bales and item count. The cards may now be pulled from the files and when a given lot has been pulled it should be run on the tabulating machine to verify "item count" and "total bales" as determined by the adding machine list. The C-5 A's which have the blue sticker affixed should be filed at the back of the lot after the card indicated has been withdrawn. The cards pulled and then used as reference should be kept separate. When laying a card aside which will require the punching of a pledgee card, a blank colored card with square corner in the upper left corner should be placed with the main lot as a guide in refiling the pledgee cards later. The C-5 A's having blue stickers and cards pertaining to them are now to be turned over to an operator of an Alphabetical Punch, who will reproduce the card except for name and punch the name of the pledge indicated. A listing should be made of these cards on an A, B, C lister to verify the punching of the pledgee's name and also "Bales Optioned." The pledgee cards should now be refiled in their respective places and the colored guidecard withdrawn. The C-5 A's are to be refiled also.

2. The cards withdrawn from the files, using the form C-5 A, "Notice of Exercise of Option," as reference are kept in one lot described as "LOT FOR PAYMENT" and those withdrawn from the files, using the telegram or letters as reference, are kept in a separate lot described as "LOT FOR CONFIRMATION."

3. At the end of the day, i.e., 4:30 P.M. when no more Forms C-5 A, "Notice of Exercise of Option," will be received for sale on that date, the various lots of Forms C-5 A, "Notice of Exercise of Option," should be consolidated; that is, arranged so that the entire lot is in the following order:

Date of Issue
State
County
Serial No. of Contract

Any C-5 A's received after 4:30 P.M. requesting settlement on the current date are to be held for settlement at the opening price of the next day's market. The telegrams are sorted in a similar manner. The cards for each lot (Payment or Confirmation) are each consolidated or machine-sorted in a similar manner.

4. Upon receipt of advice from the Cotton Pool Manager of the price to be effective for the items to be paid or confirmed, all of the cotton option cards which have been withdrawn will be put through the High Speed

Reproducer to punch the following items:

Date of Sale
Price per Pound
Price per Bale
Gain per Bale

the "LOT FOR PAYMENT" being kept separate from the "LOT FOR CONFIRMATION" and the "LOT FOR CONFIRMATION" being punched in addition with an "X" in Col. 40.

5. The next operation will be the extension of the amount due the producer, by means of the multiplying punch; this is the product of bales and gain per bale. It is to be punched in Col. 74 to 80 until May 1, 1934, after which carrying charges are in force, when it will be necessary to use Col. 41 to 47, so that the charges can be deducted. The product should be accumulated and checked against a predetermined total to see that each card is correctly calculated. When the volume of settlements is large the entire lot to be handled may be broken up in convenient sized lots, by date of contract, a total for each obtained by running through a tabulator. The total amount due producers for each of these lots having been determined by calculation, any errors or failure of the multiplying punch to function properly can be localized in the smaller lot.

6. In order to subdivide the work which devolves upon the Auditor of Rental and Benefits, so that it may be handled expeditiously, a record of the manner in which the Forms C-4, "Register of Cotton Option Contracts", are to be found in the respective binders will be kept in the Machine Room. Using this record as a guide, the Form C-9, "Schedule of Cotton Option Settlements", and C-9 A "Schedule of Cotton Option Sales for Confirmation," described in the following paragraph, will be broken at dates which will correspond with the binders (or group of binders) so that the work of comparing C-9 with C-4 and entering date of payment can be conveniently assigned to a number of clerks.

7. The "LOT FOR PAYMENT" cards are now used for the preparation of Form C-9 "Schedule of Settlements," prepared in triplicate, and C-R 6 (Account Sales of Option Cotton) in duplicate. When Forms C-R 6 have been run they will be turned over to typists together with Forms C-5 A. The typist will enter the addresses of the various producers and pledgees as given on Forms C-5 A on the respective Forms C-R 6. The Card Count Total Bales and total due Producers and Pledgees will be indicated on a blank form at the end of each lot.

8. The "LOT FOR CONFIRMATION" cards are now used for the preparation of Form C-9 A "Schedule of Cotton Option Sales for Confirmation", and Forms C-8 (Confirmation of Cotton Option Sales) to be prepared in triplicate. Form C-9 A contains a listing of cotton option items upon which requests have been received either by telegram or by mail without surrender of Form C-5 A, "Notice of Exercise of Option." Form C-8 is notice to the producer that his cotton will be sold as requested. When these forms have been run they will be turned over to typists together with the letters and telegrams requesting the sale. The typist will enter the address of the various producers as given on the letters and telegrams on the respective Form C-8. The Card Count, Total Bales and total due producers will be indicated on a blank form at the end of each lot.

9. The original copies of Form C-9, "Schedule of Cotton Option Settlements", and Form C-9 A "Schedule of Cotton Option Sales for Confirmation", will now be sent to the office of the "Director of Finance". Both of these forms are to be signed by the Director of Finance or a person designated by him as being administratively approved, Form C-9 for settlement and Form C-9 A for the issuance of Confirmations. This approval is done on the basis that the total bales on both forms together are identical in amount with the amount which has been requested sold, and that the total payable to producers is correct, on the basis of settling price previously reported as being effective.

10. When the C-9, "Schedule of Cotton Option Settlements", and Form C-9 A "Schedule of Cotton Option Sales for Confirmation", have been approved in the office of the Director of Finance, they should be returned to the Cotton Option Office. The Cotton Option Office will thereupon forward them together with Forms C-5 A, "Notice of Exercise of Option", Forms C R 6 (Account Sales of Option Cotton) Forms C 8 (Confirmation of Cotton Option Sales) and telegrams or letters requesting exercise of option to the Auditor of Rental-Benefits. The Auditor of Rental-Benefits should refer to the originals of Form C-4, "Register of Cotton Option Contracts" contained in post binders and enter the date of settlement against items which are to be paid and enter date of confirmation against items which are to be confirmed. When this operation is completed the Forms C-5 A, "Notice of Exercise of Option" and the telegrams should be cancelled against further use by imprinting the date or the word "CANCELLED" by means of a rubber stamp. When this operation has been completed the Comptroller or person designated by him will sign the C-9 "Schedule of Option Settlements" as "APPROVED FOR PAYMENT" and sign the C-9 A "Schedule of Cotton Option Sales for Confirmation" as approved for the issuance of confirmations and forward the original of Form C-9 and the duplicate of Form C-9 A to the Cotton Option Office, together with the original of Form C R 6 and all copies of Form C 8.

11. The originals of Form C-9, "Schedule of Cotton Option Settlements" Form C R 6 (Account Sales of Option Cotton) and the "LOT FOR PAYMENT" cards will be transmitted to the Disbursing unit where checks will be drawn according to the usual procedure. The checks will be in the same order that the forms C-R 6, "Account Sales of Option Cotton", are in and they may be enclosed with them in window envelopes for mailing. (The duplicate copy of the form C-R 6, "Account Sales of Optioned Cotton" retained by the Auditor of Rental-Benefits, together with the form C-5 A, "Notice of Exercise of Option." These forms will also be in the same order and may be stapled together prior to filing in the producer's contract folder.) The originals of Form C-8 "Confirmation of Cotton Option Sales" will be enclosed in window envelopes, sealed and mailed by the Contract Records Section.

12. The Comptroller's Office may enter the check numbers issued in settlement on each Account Sale, by referring to the copy of the check list furnished by the Disbursing Office. This would make it unnecessary to prepare a "Register of Checks in Payment of Cotton Option Contracts."

13. After the checks and the check list have been prepared by the Disbursing Office the cards from which they are made should be sorted to

put them in the following order:

State
County

after which Form C-13 "analysis of Cotton Option Payments" is prepared in duplicate. This is done on a non-alphabetical tabulator. The purpose of this Form is to furnish the Accounting Department with figures for posting the payments by counties. This Form is transmitted to the Accounting Office with a certified copy of Form C-9, "Schedule of Cotton Option Settlements."

14. When the Forms C-5 A, "Notice of Exercise of Option", which are confirmations, are received at the Cotton Office reference should be made to the files of the carbon copies of confirmations, one filed by date of settlement, the other filed by State, County and Serial Number of the contract. Both of these forms are to be withdrawn from the files and attached to the C-5 A. At the same time the card should be withdrawn and listed upon Form C-10 "Schedule of Settlements (Confirmed Items)". This Form will be forwarded to the Auditor of Rental-Benefits who can approve it for payment by checking off the respective item on the Form C-9 A "Schedule of Cotton Option Sales for Confirmation." This latter schedule was given administrative approval as to the settling price and amount due the producer when the issuance of the confirmation was administratively approved.

15. In the event that the price of cotton is less than \$9.50 for the nearest cover month on the New York Cotton Exchange, the Cotton Pool Manager will report to the Cotton Option Section that settlements cannot be made. (See Contract.) The items received by the Cotton Option Office will thereupon be listed on Form C-7, "Schedule of Cotton Option Sales To Be Made", prepared in duplicate. The original of this form will be transmitted to the Cotton Pool Manager. When and if the price of cotton for the nearest cover month on the New York Cotton Exchange exceeds \$9.50, the Cotton Pool Manager in Form C-13, "Daily Price Advise", will list thereon the date, number of contracts and total bales from each of the suspense lots on which settlement is to be made in accordance with price reported.

PROCEDURE IN CONNECTION WITH EXERCISE OF
COTTON OPTION AND POOL AGREEMENT C-5 C.

- (1) Instructions to County Agents dated December 15, 1933, requires the surrender of Cotton Option Contracts (Form C-5 #1, C-5 A #2 and C-5 B #3) in those cases where the Optionee enters into the Cotton Option Pool Agreement.
- (2) Form C-5 C, when received by the Cotton Pool Unit, will be stamped with the date and hour of receipt.
 - (a) After a record has been made of the number received, the Agreements will be examined to determine that they are properly prepared and that all Forms of the Cotton Option Contracts are attached thereto. At this time an adding machine tape of the total number of bales will

be made, which will be attached to each lot. Such Agreements (Forms C-5 C) as are not in order for approval will be referred to a Unit (to be organized) which will conduct correspondence necessary to put the Agreements in order for acceptance.

- (b) When Agreements (Form C-5 C) are in order for acceptance they will be segregated by State and County Code Number and then in serial number sequence by date of the Cotton Option Contract. The Agreements, C-5 C, will be signed by the officer to whom the Secretary of Agriculture has delegated his authority to accept the agreement.
- (c) The cards already having been punched will then be withdrawn from the date file and Forms C-9 in triplicate (Schedule of Cotton Option Settlements) and Forms C-5 D and C-5 E (Participation Trust Certificate) will be run.
- (d) Forms C-9 and Forms C-5 D and C-5 E (P.T.C.) will be checked with Exercise of Cotton Option Contract Form C-5 A and total bales as shown on Form C-9 with adding machine total. Each number of Form C-9 and the "Cotton Option Contract", Form C-5 and C-5 A, will be stamped "Cotton Pool". Forms C-5 and C-5 B will be segregated by state and county code number, arranged by serial number and filed in the cotton pool office.
- (e) Forms C-9 will be given a lot number and the following certificate will be signed, identified with the Form C-9 to which it pertains.

CERTIFICATE

I hereby certify that the cotton option contracts listed on Form C-9, lot #___ attached, have been exercised by the respective named optionees by proper execution of an Exercise of Cotton Option and Pool Agreement (Form C-5 C) by each such optionee which has been approved by an authorized representative of the Secretary of Agriculture; and the Secretary of Agriculture is required pursuant to such exercises of said Cotton Option Contracts to deliver _____ bales of cotton of 500 pounds each to 1933 Cotton Producers Pool.

The Secretary of his authorized representative will indicate approval (by initialling each page of the Forms) of the transfer of title to the bales of cotton listed, to the Manager of the 1933 Cotton Producers Pool. The manager of the Pool will receipt on Form C-9 for the cotton delivered to him by the Secretary and approve the initial distribution payments as listed on the Form C-9.

- (f) Certificate of transfer of cotton to the 1933 Cotton Producers' Pool certifying to the transfer of cotton from the custody of

the Secretary to the custody of the Manager of the pool will be prepared for their signatures, listing thereon the "Schedule of Cotton Option Settlements" (Pool Agreements) giving the lot numbers of the Schedule of Cases, Date, State, County, Number of Cases, Number of Bales Transferred and Amount of the initial distribution payment. This certificate will be prepared in quadruplicate.

When signed by the Secretary and the Manager of the Pool a promissory note will be executed by the Manager of the Pool in favor of the Commodity Credit Corporation.

The original certificate and note are delivered to the Commodity Credit Corporation. The first copy of the certificate and copy of the note, (which are the Secretary's copies) will be forwarded to the Comptroller of the Agricultural Adjustment Administration to be filed with the Bill of Sale and Forms C-9 (Schedule of Cases on which Loan is made) in the Cotton Audit and Accounting Section of his office. The second copy of the certificate and note will be retained in the Cotton Pool Office to be filed with the Pool Manager's copy of the Bill of Sale and Forms C-9 (Schedule of Cotton transferred to the Manager of the Pool). The third copy of the certificate and a copy of the note certified as a true copy by the Comptroller of the Agricultural Adjustment Administration will be delivered to the Disbursing Clerk of the Agriculture Department. (The Commodity Credit Corporation deposits the proceeds of the note to the official credit of the Disbursing Clerk of the Agriculture Department.)

- (g) After the Certificate of transfer has been prepared Forms C-9 in duplicate, properly approved for initial distribution payment by the manager of the Cotton Pool or his authorized Agent, Forms C-5 D and C-5 E (P.T.C.), C-5 C and Forms C-5 A will be forwarded to the Receiving Unit of the Rental-Benefits Audit Section and a receipt therefor issued on the triplicate copy of Form C-9.

RENTAL-BENEFITS AUDIT SECTION

- (3) Forms C-9 and accompanying documents are received in the Receiving Unit, recorded and issued to the Audit Unit.
 - (a) The following entries must be identical on Form C-9, Forms C-5 D and C-5 E (P.T.C.), Form C-5 C, C-5 A and C-4: Date, State and County Code No., Serial No., Name of Producer and Bales Optioned. This must be verified by the Auditors. They will also verify the amount shown on Form C-9 to be paid to the Optionee, and see that all papers are marked "Cotton Pool." Form C-5 C will be examined to determine whether or not is is properly prepared and signed.
 - (b) The Auditor will enter on C-4, "Register of Cotton Option Contracts", the words "Cotton Pool", the date of approval of the Form C-9, and the Rental-Benefits Section block number in the column headed "Date Sold" against items

approved for the Initial Distribution payment. The Form C-5 C will be stamped with the words "Approved for Payment", the name of the Comptroller of the A.A.A., date approved for payment and name of auditor who passed case for payment.

- (c) The original of Form C-9, when approved for payment, will be delivered to the settlement unit of the Contract Records Section accompanied by Forms C-5 D and C-5 E (Participation Trust Certificate). The duplicate of Form C-9 will be retained in the Rental-Benefits Audit Section. C-5 A will be filed in the folder with the original cotton contract and Certificate of Performance, Form C-5 C will be retained in the Rental-Benefits Audit Section and filed by State and County Code Number and Serial Number.

SETTLEMENT UNIT. CONTRACT RECORDS SECTION

- (4) The Settlement Unit will attach the pay cards to Form C-9 and forward to the Disbursing Unit, together with Forms C-5 D and C-5 E (Participation Trust Certificate).

DISBURSING UNIT

- (5) The Disbursing Unit will determine whether or not funds are available to cover the payments. If so it will follow its regular procedure in the issuance of checks, excepting standard Forms C-11 (Check List) and C-12 (County Agents' Receipt for Checks Delivered) will have stamped thereon in large red letters "Cotton Pool", Forms C-5 D and C-5 E (Participation Trust Certificate) will be mailed to the County Agents, together with Forms C-12 and checks, and Forms C-9 and C-11 with copy of Voucher Form 1003 attached will be forwarded to the Cotton Audit and Accounting Division.

DETAIL OF PROCEDURE IN CONNECTION WITH SETTLEMENT OF COTTON OPTION CONTRACTS, EXERCISED BY SALE. COTTON AUDIT AND ACCOUNTING DIVISION

When Forms No. 1023 Public Voucher for Option and Pool Agreement Payments (Act of May 13, 1933) are scheduled on Standard Forms No. 1064, Schedule of Disbursements, the following documents will be forwarded to the Cotton Audit and Accounting Division:

1. One Carbon copy of Form 1023 Public Voucher for Option and Pool Agreement Payments (Act of May 12, 1933).
2. One carbon copy of Standard Form No. 1064, Schedule of Disbursements.
3. One carbon copy of Form No. C-11, Register of Checks.
4. The original of Form No. C-9, Schedule of Cotton Option Settlements.

All payments will be recorded on the books of the Cotton Audit and Accounting Division, in accordance with the detailed procedure under which this Division is functioning. The entries for recording these vouchers are:

1. Debit - "Cost of Acreage Reduction -
Option Payments", and

Credit - "Disbursing Officer's Cash - Special
Deposits, Agricultural Adjustment
Administration - Symbol 66.2-400",
with the total amount of the cash
payments to be made by the Disbursing
Clerk.

2. Debit - "Authorized Options outstanding", and

Credit - "Producers' options", with the value of
the number of bales of cotton involved
at \$30 per bale.

In addition to the above entries the Cotton Audit and Accounting Division will maintain a subsidiary record showing the analysis by Counties of all Option Payments made. The posting to this County Record will be made from Form C-13, Analysis of Cotton Option Payments which will be furnished weekly, and at the end of the month, by the Disbursing Unit. The Forms No. C-13, Analysis of Cotton Option Payments, will be reconciled with the total of the vouchers approved for payment during the period under consideration, before they are posted to the County Record.

Funds with which to make the payments to producers, on account of Cotton Options exercised by sale, are provided through the medium of the sale of Futures Contracts by the Cotton Option Pool Manager in the total amount of Options exercised on any given date.

DETAIL OF PROCEDURE IN CONNECTION WITH SETTLEMENT
OF COTTON OPTION CONTRACTS
EXERCISED BY ENTERING COTTON PRODUCERS' POOL 1933
COTTON AUDIT AND ACCOUNTING DIVISION

When cotton is transferred to the 1933 Cotton Producers' Pool, a copy of the Certificate of Transfer, signed by the Secretary of Agriculture and the Manager, 1933 Cotton Producers' Pool, will be forwarded to the Cotton Audit and Accounting Division where it will become the posting medium for recording the transfer of the cotton involved on the books of both the Agricultural Adjustment Administration and the Cotton Producers' Pool 1933.

This transfer of cotton will be recorded on the books of the Agricultural Adjustment Administration by the following entry:

Debit - "Cotton Producers' Pool 1933"

Credit - "Cotton Transferred to Cotton Producers'
Pool 1933"

On the books of the Cotton Producers' Pool 1933, the entry will be:

Debit - "Cotton Transferred from Agricultural
Adjustment Administration"

Credit - "Agricultural Adjustment Administration."

When loans are negotiated for the purpose of making advances to producers entering the pool, a copy of the Certificate of Deposit, Form 6599, together with a copy of the note given to the lending agency, signed by the Manager, 1933 Cotton Producers' Pool, and approved by the Secretary of Agriculture, will be forwarded to the Cotton Audit and Accounting Division and will constitute the posting media for the following entry on the books of the Cotton Producers' Pool 1933:

Debit - "Disbursing Officer's Cash - Special
Deposits, Cotton Producers' Pool 1933 -
Symbol 66.2-401".

Credit - "Loans Payable (by Lending Agencies)".

When Forms No. 1023, Public Voucher for Option and Pool Agreement Payments (Act of May 12, 1933) are scheduled on Standard Forms No. 1064, Schedule of Disbursement, the following documents will be forwarded to the Cotton Audit and Accounting Division:

1. One carbon copy of Form 1023, Public Voucher for Option and Pool Agreement Payments. (Act of May 12, 1933).
2. One carbon copy of Standard Form 1064, Schedule of Disbursements.
3. One carbon copy of Form No. , C-11, Register of Checks.
4. The original of Form No. C-9, Schedule of Cotton Option Settlements - Pool.

Forms No. , Public Voucher for Option and Pool Agreement Payments representing advance payments to producers, will be recorded on the books of the Cotton Producers' Pool 1933, by the following entry:

Debit - "Advances to Producers"

Credit - "Disbursing Officer's Cash - Special
Deposits, Cotton Producers' Pool, 1933 -
Symbol 66.2-401"

Forms No. 1023, Public Voucher for Option and Pool Agreement Payments, representing final distribution of net profits to participants in

the Pool, will be recorded on the books of the Cotton Producers' Pool, 1933, by the following entry:

Debit - "Final Payments to Producers"

Credit - "Disbursing Officer's Cash - Special
Deposits, Cotton Producers' Pool, 1933 -
Symbol 66.2-401".

In addition to making the above entries in the General Ledger the Cotton Audit and Accounting Division will maintain a subsidiary record showing the analysis by Counties of all advances and final payments to participants in the Pool. The posting to this record will be from carbon copies of Forms C-11, Register of Checks, the payments on which will be segregated by Counties.

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